



# COMMITTEE ON THE BUDGET

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## BUDGET FACTS

### The President's Budget: Total Spending, Revenues, and Deficits

(dollars in billions)

	2005	2006	2007	2008	2009	2010	Annual Percent Change	
							2005-06	5-yr. avg.
Outlays	2,479	2,568	2,656	2,758	2,883	3,028	3.6	4.1
Revenues	2,053	2,178	2,344	2,507	2,650	2,821	6.1	6.6
Deficit (-)	-427	-390	-312	-251	-233	-207	-8.5	-13.4
Deficit as % of GDP	-3.5%	-3.0%	-2.3%	-1.7%	-1.5%	-1.3%		

Source: Office of Management and Budget

*Last year at this time, the projected 2004 deficit was \$521 billion;  
we ended the year at \$412 billion – a \$109 billion one-year reduction.*

#### Projected Results for FY 2005

(dollars in billions)

Discretionary BA (Ex. Emergencies)	
Total:	822.7
Defense:	400.1
Homeland Security:	31.3
Non-Security:	391.4
Total Mandatory Spending:	1335.9
Total Taxes:	2052.8
Deficit (-):	-426.6

#### President's Budget for FY 2006

(dollars in billions)

Discretionary BA:	
Total:	840.3
Defense:	419.3
Homeland Security:	32.2
Non-Security:	388.7
Total Mandatory Spending:	1410.3
Total Taxes:	2177.6
Deficit (-):	-390.1

- **Discretionary Spending:** Grows by 2.1% – less than the projected rate of inflation – even with significant increases in defense and homeland security.
  - ▶ Defense increased by 4.8%.
  - ▶ Non-Defense Homeland Security increased by 8%.
  - ▶ Other Discretionary Spending reduced by nearly 1% – the first proposed cut since the Reagan Admin.
  - ▶ Total Federal Spending held to an average of 4.1% growth per year over the next 5 years.
- **Mandatory Savings:** Slows growth rate from 5.6% to 5.5% over 5 years.
  - ▶ \$5.3 billion savings in FY 2006.
  - ▶ \$62 billion savings over 5 years.
  - ▶ \$137 billion savings over 10 years.

- **Deficit Reduction:** Deficit forecast to fall from 3.5% of GDP in 2005 to 3% in 2006, and to 1.5% by 2009 – well below the 40-year historical average of 2.3% of GDP. The estimated deficit in dollar terms for 2005 is \$427 billion, and the projected deficit for 2006 is \$390 billion.
- **Tax Relief:** Permanent extension of 2001 and 2003 tax cuts, and new initiatives in several areas including: savings, healthcare, charitable giving, energy policy, and benefits for families.
  - ▶ Revenues projected to grow an average of 6.6% over the next 5 years.

### Continued Good News on the Economy

- ▶ Real GDP has increased for 13 consecutive quarters, with the strongest growth in 5 years and one of the strongest *sustained* performances of the past 2 decades.
- ▶ 2.7 million new jobs were created over the past year and a half, and the unemployment rate has fallen from 6.3% to 5.2%.
- ▶ Total employment is at record high 140 million.
- ▶ Business equipment investment growth is at its best in 7 years.
- ▶ Home ownership rates are at record highs, with new home construction at its best pace in 25 years.
- ▶ Private Blue Chip forecasters agree that our economy is in for a sustained expansion.